

**Mr. SCOTT of Virginia:** Mr. Speaker, I rise in support of H.R. 5934, the Stop Tobacco Smuggling in the Territories Act of 2012.

When enacted, H.R. 5934 will amend the Contraband Cigarette Trafficking Act by including American Samoa, the Commonwealth of the Northern Mariana Islands, and Guam in existing legislation which makes it illegal to knowingly ship, transport, receive, possess, sell, distribute, or purchase 10,000 or more contraband cigarettes that do not have a State or territorial stamp.

Under the Contraband Cigarette Trafficking Act, violators face criminal penalties and fines. Currently, there are no such sanctions in effect for violations that occur in the territories, thus prohibiting the Bureau of Alcohol, Tobacco, Firearms and Explosives from investigating cigarette smuggling and Trafficking Act violations. H.R. 5934 will fix this.

Mr. Speaker, each year hundreds of millions of cigarettes are diverted from legal trade channels into the underworld. Cigarette counterfeiting is growing steadily. Cigarettes are believed to be the most illegally trafficked product in the world.

Cigarette smuggling results in significant economic impact in terms of depriving governments of excise tax revenue and depriving legitimate businesses from income due to unfair competition. Smuggling of genuine cigarettes steals as much as an estimated \$40- to \$50 billion from governments in tax revenue, with trafficking in counterfeit cigarettes stealing even billions more.

In May 2011, a report from the Territorial Audit Office on collection of cigarette tax by the American Samoa Government found that cigarettes are likely being smuggled into American Samoa and that, as a result, their government is losing a significant amount of cigarette excise tax revenue.

A subsequent study estimated that as many as close to 6 million cigarettes had been smuggled into the territory in 2010, resulting in an estimated loss of revenue to the American Samoa Government of over \$700,000.

In addition to the economic impact, there are public health and public safety concerns. Smuggling delivers cigarettes that are cheaper to buy. Because cheaper cigarettes lure youth and other new customers, they boost sales and consumption, making it harder for smokers to quit.

It's also been reported that some import imitation cigarettes have been found to contain toxins. As a result, illegal trade adds steadily to healthcare costs, worker productivity losses, and the growing death toll from tobacco use, already almost over 5 million lives per year, projected to rise to 8 million by 2030.

From a public health standpoint, it is well documented that, as with other contraband, proceeds

from cigarette trafficking support organized crime and even terrorist networks.

For these reasons, I support the bill. I encourage my colleagues to support the bill as well.